

APPENDIX VII
REGULATION OF MEMBER OF BOARD OF
GOVERNORS OF BANK INDONESIA
NUMBER 20/18/PADG/2018
DATED 21 AUGUST 2018
ON HEDGE SWAP TRANSACTIONS TO BANK
INDONESIA

EXAMPLE OF NETTING SETTLEMENT CALCULATION FOR THE SMALLER
NOMINAL VALUE AT EACH EXTENSION OF HEDGE SWAP TRANSACTION TO
BANK INDONESIA DURING HEDGING CONTRACT EXTENSION

A. HEDGING CONTRACT

1. Nominal Value of Hedging Contract: USD20 million.
2. Period of Hedging Contract: 1 year.

B. HEDGING SWAP TRANSACTION TO BANK INDONESIA

1. Term: 12 months.
2. Nominal: USD20 million.
3. Transaction date: 12 February 2019.
4. Value date (first leg settlement of swap 1): 14 February 2019.
5. JISDOR on 12 February 2019: IDR12,000.00.
6. Swap premium for 12 months: IDR900.00.
7. Due value date (second leg settlement of swap 1): 14 February 2020.
8. Rate in the second leg settlement of swap 1: IDR12,900.00.

C. EXTENSION OF HEDGING CONTRACT AND HEDGE SWAP TRANSACTION
TO BANK INDONESIA

1. Period of Hedging Contract extension: 12 months.
2. Period of extension of Hedge Swap Transaction to Bank Indonesia: 12 months
3. Nominal: USD15 million.
4. Extension transaction date: 12 February 2020.
5. Extension value date (first leg settlement of swap 2): 14 February 2020.
6. JISDOR on 12 February 2020: IDR12,500.00.
7. Swap premium for 12 months: IDR950.00.

D. SETTLEMENT OF HEDGING SWAP TRANSACTION TO BANK INDONESIA

Settlement Calculation

1. When a Swap Transaction falls due, calculation of the second leg settlement of swap 1 on 14 February 2020 is as follows:
 - a. Bank Indonesia will return to the Bank: USD20 million.
 - b. Bank will return to Bank Indonesia: $(\text{IDR}12,000.00 + \text{IDR}900.00) \times \text{USD}20 \text{ million} = \text{IDR}258 \text{ billion}$.
2. During a Swap Transaction extension, calculation of the first leg settlement of swap 2 on 14 February 2020 is as follows:
 - a. Bank Indonesia will receive transfer from the Bank of: USD15 million.
 - b. Bank will receive from Bank Indonesia: $\text{IDR}12,500.00 \times \text{USD}15 \text{ million} = \text{Rp}187.5 \text{ billion}$.

Transaction Settlement

Netting settlement on 14 February 2020 is as follows:

- a. USD settlement = $\text{USD}20 \text{ million} - \text{USD}15 \text{ million} = \text{USD}5 \text{ million}$.
- b. IDR settlement = $\text{IDR}258 \text{ billion} - \text{IDR}187.5 \text{ billion} = \text{IDR}70.5 \text{ billion}$.

Based on the netting settlement calculation:

- a. Bank Indonesia will transfer to the Bank's account with a correspondent bank an amount of USD5 million.
- b. Bank Indonesia will debit from the Bank's rupiah checking account an amount of Rp 70.5 billion.

MEMBER OF BOARD OF GOVERNORS
OF BANK INDONESIA,

ERWIN RIJANTO